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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

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SEC FILE NUMBER
8- 67225

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2019 AND ENDING 12/31/2019  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: GCMI Securities Corp.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

19100 Von Karman Avenue, Suite 950

(No. and Street)

Irvine

(City)

CA

(State)

92612

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Stephen G. Holmes

949-252-4600

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Brian W. Anson, CPA

(Name - if individual, state last, first, middle name)

18401 Burbank Blvd., Suite 120

(Address)

Tarzana

(City)

CA

(State)

91356

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**


\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

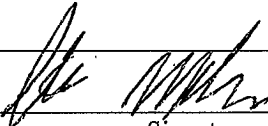
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## OATH OR AFFIRMATION

I, Stephen G. Holmes, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of GCMi Securities Corp., as of December 31, 20 19, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NONE

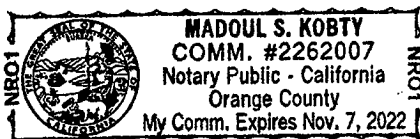
  
Notary Public

  
Signature  
CEO  
Title

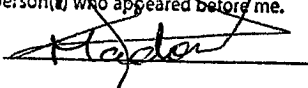
This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California, County of Orange  
Subscribed and sworn to (or affirmed) before me  
on this 13th day of January, 20 20,  
by Stephen G. Holmes,  
proved to me on the basis of satisfactory evidence  
to be the person(s) who appeared before me.  
Signature: 

**GCMi Securities Corp.**

**Report Pursuant to Rule 17a-5(d)**

**Financial Statements**

**For the Year Ended December 31, 2019**

**BRIAN W. ANSON**

Certified Public Accountant

18401 Burbank Blvd., Suite 120, Tarzana, CA 91356 • Tel. (818) 636-5660 • Fax (818) 401-8818

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholder's and Board of Directors of GCMI Securities Corp.

**Opinion on the Financial Statements**

I have audited the accompanying statement of financial condition of GCMI Securities Corp. as of December 31, 2019, the related statements of income, changes in stockholder's equity, and cash flows for the year then ended, and the related notes (collectively referred to as the financial statements). In my opinion, the financial statements present fairly, in all material respects, the financial position of GCMI Securities Corp. as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

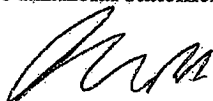
**Basis for Opinion**

These financial statements are the responsibility of GCMI Securities Corp.'s management. My responsibility is to express an opinion on GCMI Securities Corp.'s financial statements based on my audit. I am a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and am required to be independent with respect to GCMI Securities Corp. in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

I conducted my audit in accordance with the standards of the PCAOB. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. My audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. My audit also included evaluating the accounting principles used and significant estimates made by management, as evaluating the overall presentation of the financial statements. I believe that my audit provides a reasonable basis for my opinion.

**Auditor's Report on Supplemental Information**

The information contained in Schedule I, II, and III ("Supplemental Information") has been subjected to audit procedures performed in conjunction with the audit of the GCMI Securities Corp.'s financial statements. The Supplemental Information is the responsibility of the GCMI Securities Corp.'s management. My audit procedures included determining whether the Supplemental Information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the Supplemental Information. In forming my opinion on the Supplemental Information, I evaluated whether the Supplemental Information, including its form and content is presented in conformity with 17 C.F.R. § 240.17a-5. In my opinion, Schedules I, II, and III are fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Brian W. Anson, CPA

I have served as GCMI Securities Corp.'s auditor since 2018.

Tarzana, California

January 9, 2020

**GCMi Securities Corp.**  
**Statement of Financial Condition**  
**December 31, 2019**

Assets		
Cash		<u>\$164,673</u>
Total Assets		<u>\$164,673</u>
Liabilities and Stockholder's Equity		
Liabilities		<u>\$ -</u>
Stockholder's Equity		
Common stock (\$.01 par value, 1,000 shares authorized; 100 shares issued and outstanding)	\$ 1	
Paid-in capital	49,999	
Retained earnings	<u>114,673</u>	<u>164,673</u>
Total Liabilities and Stockholder's Equity		<u>\$164,673</u>

See accompanying notes to financial statements

**GCMi Securities Corp.**  
**Statement of Income**  
**For the Year Ended December 31, 2019**

Revenue

Merger and acquisition fees (Note 2)	\$1,177,491
Private placement fees (Note 2)	120,000
Interest income	<u>1,077</u>
Total Revenue	<u>1,298,568</u>

Expenses

Commissions (Note 2)	879,139
Licenses and permits (FINRA, SIPC fees)	13,229
Office expenses (Note 4)	12,000
Professional fees	17,967
Bank service charges	<u>40</u>
Total Expenses	<u>922,375</u>
Income Before Income Taxes	376,193
Income Tax Provision (Notes 2 and 7)	<u>-</u>
Net Income	<u>\$376,193</u>

See accompanying notes to financial statements

**GCMi Securities Corp.**  
**Statement of Changes in Stockholder's Equity**  
**For the Year Ended December 31, 2019**

	Common Stock Shares	Common Stock	Paid-In Capital	Retained Earnings	Total
Balance, December 31, 2018	100	\$ 1	\$ 49,999	\$ 58,480	\$108,480
Net Income				376,193	376,193
Dividends	<u>          </u>	<u>          </u>	<u>          </u>	<u>(320,000)</u>	<u>(320,000)</u>
Balance, December 31, 2019	<u>100</u>	<u>\$ 1</u>	<u>\$ 49,999</u>	<u>\$114,673</u>	<u>\$164,673</u>

See accompanying notes to financial statements

**GCMi Securities Corp.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2019**

Cash Flows from Operating Activities	
Net income	<u>\$376,193</u>
Net Cash Flows from Operating Activities	<u>376,193</u>
Cash Flows for Investing Activities	<u>-</u>
Cash Flows from (used in) Financing Activities	
Dividends paid to parent	<u>(320,000)</u>
Net Cash Flows from Financing Activities	<u>(320,000)</u>
Net increase in Cash	56,193
Cash - beginning of the year	<u>108,480</u>
Cash - end of the year	<u>\$164,673</u>
Supplemental Cash Flow Information	
Cash paid for interest	\$ <u>-</u>
Cash paid for income tax	\$ <u>-</u>

See accompanying notes to financial statements



**GCMC Securities Corp.**  
**Notes to Financial Statements**  
**December 31, 2019**

**Note 1 - Organization and Nature of Business**

GCMC Securities Corp. (the "Company") was incorporated in the State of California on December 14, 2005 and is wholly owned by its parent Global Capital Markets, Inc. (the "Parent"). The Company is a registered broker-dealer with the Securities and Exchange Commission ("SEC"), the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

**Note 2 - Significant Accounting Policies**

Under its membership agreement with FINRA and pursuant to Rule 15c3-3(k)(2)(i), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers. Accordingly, the Company is exempt from the requirement of Rule 15c3-3 and the Securities Exchange Act of 1934 pertaining to the possession or control of customer assets and reserve requirements.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes** - The Company elected to be taxed as a qualified subchapter S subsidiary ("Q Sub") with its parent reporting as an S Corporation for Federal and California state income tax purposes.

As a Q Sub, the Company's asset, liability, income and expense items are treated as though they were owned, held or incurred by the Parent S Corporation. As provided by its tax and expense sharing agreement, all taxes are paid by the Parent.

**Revenue Recognition** - Per FINRA Form "Supplemental Statement of Income (SSOI)" the Company generates its revenue from investment banking fees; M&A advisory, which includes private placements. Revenue is measured based on the consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Company recognizes revenue when it has satisfied a performance obligation by transferring control over a product or service to a customer.

Taxes and regulatory fees assessed by a government authority or agency that are both imposed on and concurrent with a specified revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue.

Retainers are held by the Parent and not shared with the Company inasmuch as they typically are less than related project preparation costs. Due to the nature of the Company's business, the size of any one transaction may be significant to the Company's operations for the period.

### **Note 3 - Fair Value**

Unless otherwise indicated, the fair values of all reported assets and liabilities that represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

### **Note 4 - Related Party**

GCM I Securities Corp. and its Parent have entered into an expense sharing agreement whereby the Company pays the Parent \$1,000 per month for tax and office expenses including rent. During the year ending December 31, 2019 the Company paid its Parent \$12,000. In February 2016 the FASB issued ASU 2016-02 on Leases. Under the new guidance lessees are required to recognize a lease liability and a right-to-use asset for all leases at the commencement date, with the exception of short-term leases. ASU 2016-02 is effective for annual and interim periods beginning after December 15, 2018 and early adoption is permitted. The Company is not subject to this requirement inasmuch as it has an expense sharing agreement with its Parent.

A negotiated percentage, about 70 percent, of the fees generated from the successful completion of each project are paid to registered representatives of the Company.

It is possible that the terms of certain of related party transactions are not the same as those that would result from transactions among wholly unrelated parties.

### **Note 5 - Concentration of Credit Risk**

The Company is engaged in various activities in which counter-parties primarily include broker-dealers, banks and other financial institutions. In the event counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter-party.

#### **Note 6 - Net Capital Requirement**

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2019, the Company had net capital of \$164,673 which was \$159,673 in excess of its required net capital of \$5,000. The Company's net capital ratio was 0 to 1.

#### **Note 7 - Income Taxes**

As discussed in Note 2 - Significant Accounting Policies, the Company elected to be taxed as a Q Sub with its parent reporting as an S Corporation for Federal and California state income tax purposes. As a Q Sub, the Company's asset, liability, income and expense items are treated as though they were owned, held or incurred by the Parent S Corporation. As provided by its tax and expense sharing agreement, all taxes are paid by the Parent.

#### **Note 8 - Exemption from the SEC Rule 15c3-3**

Rule 15c3-3(k)(2)(i) provides an exemption from the SEC's so-called "customer protection rule" for firms that: carry no margin accounts; promptly transmit all customer funds and deliver all securities received in connection with their broker-dealer activities; do not otherwise hold funds or securities for, or owe money or securities to, customers; and effectuate all financial transactions with customers through one or more bank accounts designated as "Special Account for the Exclusive Benefit of Customers" of the Company.

#### **Note 9 - Subsequent Events**

Management has reviewed the results of operations for the period of time from its year-end December 31, 2019 through January 9, 2020, the date the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**GCMi Securities Corp**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**December 31, 2019**

Computation of net capital	
Total ownership equity from statement of financial condition	\$164,673
Nonallowable assets:	
Commissions receivable	_____ -
Net capital	<u>164,673</u>
Computation of net capital requirements	
Minimum net aggregate indebtedness -	
6.67% of net aggregate indebtedness	_____ -
Minimum dollar net capital required	<u>5,000</u>
Net capital required (greater of above amounts)	<u>5,000</u>
Excess capital	<u>159,673</u>
Excess net capital (net capital less 10% of aggregate indebtedness)	<u>159,673</u>
Computation of aggregate indebtedness	
Total liabilities	_____ -
Aggregate indebtedness to net capital	_____ -
Reconciliation	
The following is a reconciliation of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 179-5(d)(4):	
Net capital per computation	164,673
Variance	
Rounding	_____ -
Net capital per audit report	<u>\$164,673</u>

See accompanying notes to financial statements

**GCM I Securities Corp.**  
**Schedule II - Computation for Determination of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2019**

A computation of reserve requirement is not applicable to GCM I Securities Corp. as the Company qualifies for exemption under Rule 15c3-3(k)(2)(i).

**GCM I Securities Corp.**  
**Schedule III - Information Relating to Possession or Control**  
**Requirements Under Rule 15c3-3**  
**As of December 31, 2019**

Information relating to possession or control requirements is not applicable to GCM I Securities Corp. as the Company qualifies for exemption under Rule 15c3-3(k)(2)(i).

**BRIAN W. ANSON**

*Certified Public Accountant*

18401 Burbank Blvd., Suite 120, Tarzana, CA 91356 • Tel. (818) 636-5660 • Fax (818) 401-8818

**REPORT OF INDEPENDENT REGISTERED PUBLIC  
ACCOUNTING FIRM**

Board of Directors  
GCMI Securities Corp.  
Irvine, California

I have reviewed management's statements, included in the accompanying Exemption Report in which (1) GCMI Securities Corp., identified the following provisions of 17 C.F.R. §15c3-3(k) under which GCMI Securities Corp. claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(i) (the "exemption provision") and (2) GCMI Securities Corp., stated that GCMI Securities Corp., met the identified exemption provision throughout the most recent fiscal year without exception. GCMI Securities Corp.'s management is responsible for compliance with the exemption provision and its statements.

My review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and accordingly, included inquiries and other required procedures to obtain evidence about GCMI Securities Corp.'s compliance with the exemption provision. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.



Brian W. Anson  
Certified Public Accountant  
Tarzana, California  
January 9, 2020